



**Aalto University**  
**School of Business**

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## WHY BUYERS REJECT SUPPLIERS IN THE B2B IT SECTOR

Buyer versus seller perspective

Vili Nieminen

International Business  
Bachelor's Thesis  
Supervisor: Maria Elo  
Date of approval: 9 April 2018

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<b>Author:</b> Vili Nieminen
<b>Title of thesis:</b> Why buyers reject suppliers in the B2B IT sector – Buyer versus supplier perspective
<b>Date:</b> 13 April 2018
<b>Degree:</b> Bachelor of Science in Economics and Business Administration
<b>Supervisor:</b>
<b>Objectives</b> The main objective of this study was to increase understanding of B2B IT sales. In particular, emphasis was on unsuccessful sales, and the buyer perspective. Research questions were formed around why buyers reject suppliers in the B2B IT sector.
<b>Summary</b> Nine sellers and eight buyers were interviewed utilising semi-structured interviews and the interview audios were recorded. The audio was transcribed to 160 pages of text and analysed with the Gioia methodology. The data was compared with a conceptual framework comprised from current literature.
<b>Conclusions</b> In the B2B IT sector, buyers reject suppliers due to an unsuitable solution, supplier uncertainty, nature of relationships, problematic decision-making, and rules and regulations. Some reasons for supplier rejections were related to the seller and supplier company, other factors were buyer-centric, while few were completely external to the counterparts who conduct business. Sellers must understand both business and technology to consult and communicate to buyers effectively.
<b>Key words:</b> Information technology, IT, business-to-business, B2B, sales, selling, purchasing, failure
<b>Language:</b> English
<b>Grade:</b>

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# 1. INTRODUCTION

## 1.1. Background

Companies exchange goods and services for benefits in the industrial market and this trade is motivated by the capture of mutual gain (Bowman & Ambrosini, 2000). Business markets are becoming progressively more difficult to succeed in due to digital evolution, growing competition, servitization and fragmented markets (Ostrom et al., 2010; Spina et al., 2013). To extend the amount of value captured, both professional sellers and buyers are becoming increasingly sophisticated (Singh & Koshy, 2010; Spina et al., 2013; Grewal et al., 2015)

In the selling context, customer value has received significant attention as a crucial factor for successful sales forces (Woodruff, 1997; Schwepker, 2003; Töytäri, 2015a). Anderson et al. (2009) argue that customer value is the foundation of successful business market management and many sales strategies build on this insight, such as value-based selling (Terho et al., 2012). Yet, studies seek a model for context-specific selling efforts which take purchasing practices into account (Singh & Koshy, 2010; Paesbrugghe et al., 2017).

Furthermore, the information technology (IT) sector is rapidly changing and both selling and buying tend to be complex. Organizational buying processes and decisions have been researched carefully in the past (Bunn, 1993; Esch, 2012; Spina et al., 2013), while IT-specific buying is a scarce topic: studies on the IT sector concentrate on large outsourcing projects, the economic value of IT and its effect on the company (Meyronin, 2004; Cullen et al., 2005; Lee et al., 2009). However, Luzzini et al. (2014) examine organizing IT purchases and state that there are differences in buying related to the strategic importance of IT and the purchase maturity of companies. Yet, even large outsourcing configurations are motivated by reducing costs and creating efficiencies which enable a company to focus on their core capabilities (Lacity et al., 2010).

## 1.2. Research problem, questions, and objective

Drawing from these insights, the research problem revolves around factors which cause buyers to reject suppliers in the B2B IT sector, and how salespeople can work around these



elements effectively. In particular interest are the factors which influence IT buying decision-making and the most common obstacles in the purchasing process. To increase the depth of understanding buying and how sellers could improve, these aspects are inspected from both buyer and seller perspectives. Thus, three research questions are proposed:

- Which factors cause the buyers to reject suppliers in the B2B IT sector?
- Which factors sellers feel are the most problematic for buying and lead to unsuccessful sales in the B2B IT sector?
- What discrepancies are there between buyer-seller perspectives for the buying process?

The objective of the research is to increase understanding of B2B IT sales, emphasizing the obstacles that make the journey to a successful sale very demanding. The study presents perspectives from both sales specialists and buying authorities and sheds light on the difference in these two. The latter perspectives should be key to evaluating the former, managerial vision, and implementing a prosperous sales process.

### 1.3. Structure of the thesis

According to these problems, questions and objectives, the structure of the rest of the document is as follows. The introduction leads to a review of the current literature, which introduces exchange and value, then inspects organizational selling. The analysis of current research is closed by a detailed examination of organizational purchasing and related decision-making. There, a conceptual framework for the thesis is proposed. Next, the research methodology is explained, followed by the findings from semi-structured interviews. The discoveries are discussed, from which conclusive thoughts and managerial implications are presented. The thesis is aggregated by the limitations of the study and a call for future research directions.

## 2. LITERATURE REVIEW

### 2.1. Value in business and as a driver of exchange

Firms in the business markets exchange goods and services to gain value. Value itself is a complex construct, yet the basic principle 'value is what I get for what I give' still holds (Zeithaml, 1988, p. 13). However, there has been plenty of research delving to its core, stating that value is personal and subjective to each stakeholder (Ramirez, 1999; Biggemann and Buttle, 2005), as well as specific to situations and contexts (Kowalkowski, 2011). Value is thought to include risk and be future-oriented (Hogan, 2001), dynamic and changing (Flint et al., 2002), and ultimately, multi-dimensional (Ulaga and Eggert, 2005; Anderson, Narus and Narandayas, 2009; Töytäri, 2015b). Thus, for a more sophisticated definition of value in business context, Anderson et al. (2009) present value as the economic, technical, social and service benefits that are acquired for the price paid. As evidenced, there can be found numerous definitions of value with different terms and taxonomies, but all of them are conclusively similar, arguing that the perceived benefits must outweigh the perceived sacrifices.

Beyond such definitions, Anderson et al. (2009) claim that value is the fundamental building block in business market management and what drives transactions. Both parties must perceive that they obtain excessive benefits compared to the sacrifices they make, and the difference in potential received value and price paid is the customer's incentive to purchase (Anderson et al., 2009). This demands validation of exchanges: both suppliers and customers have requirements to fill for a trade to happen. Töytäri (2015a) studied industrial exchanges and found that for a buyer to accept an offering, there must be a concrete opportunity to capture value, a solution which matches the specifications and the vision of the customer, manageable trust and risk, in addition to an adequate bargaining power. In contrast, suppliers necessitate the customer to fit their strategic profile; the opportunity must provide high potential for value capture and the customer must show purchase incentives; the solution vision should be eligible for both the seller and the buyer; and finally, the negotiation position should ensure a profitable outcome, while risks are feasible (Töytäri, 2015a). To conclude, both sellers and buyers have strategic – or at least tactical – needs that must be met in a safe and manageable context: these aspects lay the foundation for capturing optimal value.

## 2.2. Characteristics of organizational selling

Organizational selling is a very complex field to operate in, as it contains various characteristics that convolute the performance of sales forces (Åge, 2011). Sales processes and negotiations include several stakeholders and influencers from the sides of both the seller and buyer (Weitz & Bradford, 1999), while the emphasis is on the practices of complicated cross-departmental decision-making of the buyer (Webster & Wind, 1972; Anderson et al., 1987; Dholakia et al., 1993; Lewin & Donthu, 2005). Furthermore, the offerings are rarely anymore purely products but often include at least some service elements, increasing the intricacy and abstraction of a sale (Neu & Brown, 2005; Windahl, 2007), and the buyer-seller relationships are shifting towards a more integrative nature instead of being exclusively transactional (Crosby et al., 1990; Wilson, 1995; Weitz & Bradford, 1999). These, and many other nuances, differentiate selling to businesses from the consumer markets, and demands a more fine-tuned approach to selling (Åge, 2011).

Thus, the research on business-to-business (B2B) sales processes provides detailed methods for selling. The most widely acknowledged system is the seven steps of selling (Dubinsky, 1980), which include (1) prospecting, (2) preapproach, (3) approach, (4) presentation, (5) overcoming objections, (6) close, and (7) follow-up. However, these steps are very supplier-centric, and Moncrief and Marshall (2005) urge a more customer-oriented model to be more prevalent: (1) customer retention and deletion, (2) database and knowledge management, (3) nurturing the relationship, (4) marketing the product, (5) problem solving, (6) satisfying needs, and (7) customer relationship management. Nevertheless, it can be argued that the series of actions leading to sales, often considered as the sales process or sales cycle, have stayed quite invariable through almost a hundred years of research, as Moncrief and Marshall (2005) demonstrate a similar taxonomy from a 1920 sales training material, which excludes the follow-up (*How to increase your sales*. 17th edn, 1920). Moncrief and Marshall (2005) argue that the best practice is to keep hold of your current most profitable customers, but for gaining new business, it is critical to do extensive customer research.

### 2.2.1. Qualifying prospects and creating value for customers

Customer research, which constitutes customer qualification and validation, is crucial for selling organizations (Anderson et al., 2009). Company's offerings are often customized and appeal to a distinct market segment, as competing in a smaller field enables more resources to create competitive advantages on particular aspects and features (Porter, 1985; Anderson et al., 2009). Thus, firms limit their range of capabilities to strengthen them in chosen areas, which restricts the scope of opportunities – as in companies they can create value and sell to – they can attempt to grasp (Porter, 1985; Anderson et al., 2009). Yet, from this pool of potential customers, the selling firm cannot satisfy every company. Griggs (1997) presents in his article that from the available leads salespeople must assort the actual prospects, business that have potential to be customers, by asking questions on topics such as the operating time frame, if the customer uses similar products or services, and if there is available funding. Furthermore, Anderson et al. (2009) state that all opportunities found after qualifying should not be managed similarly: each customer should be carefully evaluated on how worthy they are for the business and what resources should be allocated on a relationship. For example, a customer that requires a large order of highly-customized products versus a returning customer with familiar specifications both present potential revenue, but with different terms. Strategic fit and effort must be always considered to enable the value capture for the seller and to sustain the vision and mission of the company (Anderson et al., 2009).

After the initial filtering of customer audience and further cherry-picking of the most appropriate, suppliers must present that they can create value. Ultimately, salespeople fulfil the needs of customers and solve their problems. It is as important for the supplier to be able to deliver value as it is to be effective in communicating the benefits in a comprehensible way to the customer. Value that is inconceivable to the prospects will not create an incentive to purchase (Bowman & Narayandas, 2004). Customer value has been discussed in numerous studies (Woodruff, 1997; Hogan, 2001; Flint et al., 2002; Schwepker, 2003; Bowman & Narayandas, 2004; Heinonen, 2004; Grönroos & Voima, 2013; Töytäri, 2015a), and Töytäri (2015b) compiled multiple studies to create a customer value framework (figure 1) of the antecedents, elements, effects and the final results of customer value. Customer value stems from the matter of exchange, relationship and the resultant and takes a form of strategic, functional, social or figurative benefit (Töytäri, 2015b). It influences current

performance of future efficiency and is represented by increased turnover, reduced expenses, enhanced utilization of supplies or decreased risk (Töytäri, 2015b).

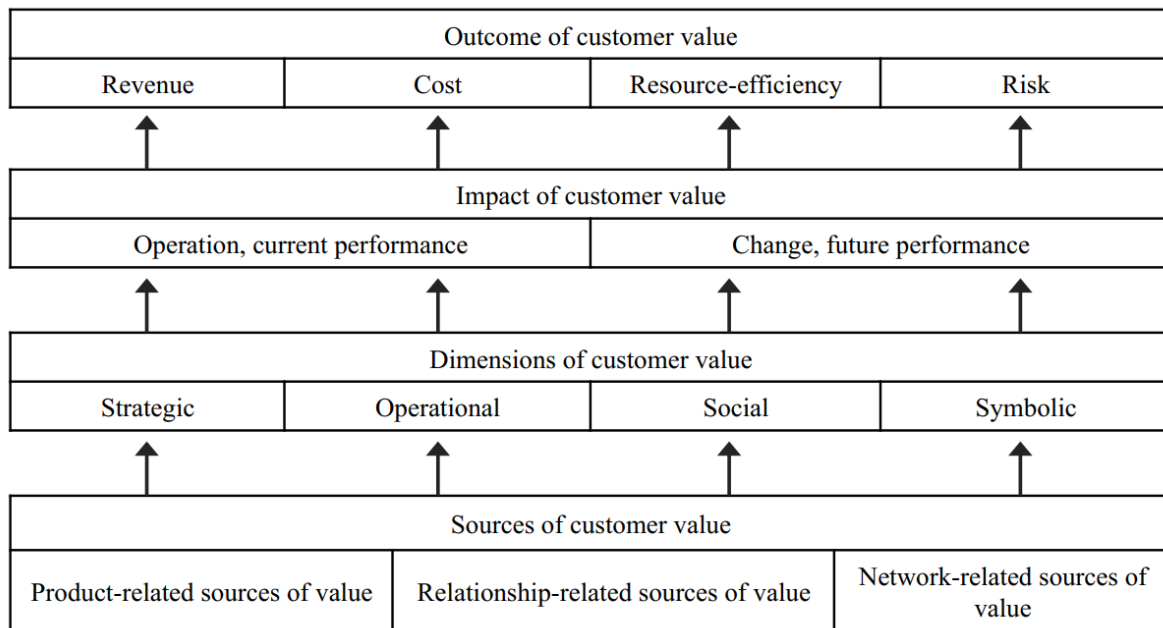


Figure 1. Customer value framework: sources, dimensions, impacts and outcomes of customer value (Töytäri, 2015b, p. 52)

Presenting tangible economic effects, such as growing revenue or decreasing costs, on the customer's business is the best way to express a capability of delivering value (Anderson et al., 2009). Narayandas (2005) encourages sellers to use value stacks, piling customer benefits to a stack with the most important aspects on the bottom and vice versa. Then, these advantages should be linked with individual stakeholders that value them the most on a corresponding purchase team member stack, to create a picture of how and whom the offering can benefit (Narayandas, 2005). Being able to deliver value and communicate it persuasively to customers is central to successful sales (Anderson et al., 2009).

## 2.2.2. Strategizing selling efforts in the B2B context

Companies organize their selling efforts to convince prospects into customers by their ability to create value and maximize profits. On the one hand, Anderson et al. (2009) emphasize the distinction of transactional and collaborative customers and the selling endeavours allocated to them. On the other hand, Rackham and DeVincentis (1999) characterize three

sales approaches to suit different customers: transactional selling, aiming to close the deal as fast as possible; consultative selling, concentrating on understanding the customer's needs and problems and providing practical insight as a value-adding resource; and enterprise selling, which pursues mutual benefits by collaborating the competencies and objectives of the firms.

Most of the other sales strategies are more holistic in nature and treat each prospect the same according to their characteristic approaches. Well-known methods include situation-problem-implication-need-payoff (SPIN) selling (Rackham, 1988), searching answers with situation, problem, implication and need-payoff questions; adaptive selling (Weitz et al., 1986) altering selling behaviour to fit the prospect and situation; Challenger selling (Dixon & Adamson, 2011), controlling the purchase conversation and challenging the customer in his or her own business; relationship selling (Crosby et al., 1990), emphasizing relationship quality and mutual benefits continuum; value-based selling (Terho et al., 2012; Töytäri, 2015b), understanding customer business and creating measurable value propositions to express monetary benefits; key account selling (Workman et al., 2003), making excessive efforts to satisfy the most important customers; and solution selling (Bosworth, 2002), selling customized solutions to fit customer needs and solve their problems. All of the strategies have intuition behind them and researched benefits, yet most of them lack details that should be taken into account in a complex and dynamic purchasing environment (Paesbrugghe et al., 2017).

According to Paesbrugghe et al. (2017), sales strategies have an unnecessary tendency to focus on the supplier firm, understating the significance of buying view. Paesbrugghe et al. (2017) studied relationship, key account, value and solution selling and how they align with the purchasing function of the customer company. The findings indicate that the needs of the buying functions vary by the level of evolution stage and the sales strategies should be adjusted to customer purchasing styles and demands to increase selling results. Viio and Grönroos (2016) support the view and state that strategic adaption, understanding the customer side buying process and adjusting the sales process to compliment it, facilitates the exchange and might produce favourable outcomes for both parties. Many studies link such customer-oriented selling to increased value creation (Moncrief & Marshall, 2005; Ulaga & Eggert, 2005; Hultén, 2012; Terho et al., 2012; Makkonen & Olkkonen, 2017), in addition to greater customer satisfaction and trust (Schwepker, 2003), and indirect

improvement in salespeople performance (Terho et al., 2015). Thus, it is safe to conclude that it is of utmost importance to understand the business of a potential customer and adapt selling efforts to answer how buying companies purchase.

### 2.3. Characteristics of organizational buying

Purchasing is a decision-making process of the needs of an organization, where companies analyse, assess and select suppliers and solutions among a range of alternatives (Webster & Wind, 1972). Grewal et al. (2015) claim that B2B buying is highly rational and concentrates on fulfilling derived demand; involves a group of decision-makers, which is consecutively connected to a large stakeholder network; takes a substantial amount of time due to large monetary value of deals, volume of stakeholders and highly technical solutions; is very complex, often because buyers look for whole solutions and likely customization, which results in neither the seller nor the buyer understanding what is the optimal offer. Indeed, Möller (1985, p. 3.) describes organizational buying as 'an example of multiphased, multiperson, multidepartmental, and multiobjective processes'.

Much is at stake, when companies engineer purchasing of such complexity. A research conducted on CEOs found that 85% agree or strongly agree that the executive of their supply chain is crucial in the strategic design of the company, over 80% related supply management leaders to be central in executing their strategy, and finally, supply chain management was reported to be a source of competitive advantage by 58% of the respondents (Derry, 2014). Undeniably, strategic purchasing and detailed buying processes have been connected with increased financial performance and competitive advantage (Carter & Narasimhan, 1996; Carr & Pearson, 1999).

#### 2.3.1. Formation of purchasers and buying behaviour

Webster and Wind (1972) proposed the first model for organizational buying behaviour. The central finding was the establishment of the term buying centre, which relates to all individuals involved in a purchasing decision, including the following roles: users, the people who would utilize the solution; buyers, individuals in charge of negotiating the purchase;

influencers, people who directly or indirectly affect the decision; deciders, who have the ultimate authority to make the selection; and gatekeepers, who control the flow of information in the buying centre (Webster & Wind, 1972). Webster and Wind (1972) also state that organizational buying behaviour is influenced by individual, social, organizational and environmental factors. Even though the buying centre works as a group to execute the company's strategy, only individuals can analyse, decide and act; thus, organizational purchasing is a set of individuals affecting decision-making of each other (Webster & Wind, 1972). The formation of such buying centres varies by organization size (Dholakia et al., 1993) and the nature of the purchasing situation (Anderson et al., 1987; Bunn, 1993; Bunn & Shaw-Ching Liu, 1996; Lewin & Donthu, 2005), which affects cross-departmental cooperation (Lewin & Donthu, 2005). The decision-making unit utilizes established purchasing processes, which are dependent on various external and internal influences (Webster & Wind, 1972).

### 2.3.2. The purchasing process and different situations

The dominant model in purchasing process research has been the Buygrid framework with eight stages: (1) need recognition, (2) need definition, (3) solution specification, (4) supplier identification, (5) proposal solicitation, (6) proposal evaluation, (7) order routine selection, and (8) performance review (Robinson et al., 1967). Möller (1985) compresses similar series of actions into four steps; identifying needs and prioritizing, designing solution to meet the specifications within recognized restrictions, seeking and evaluating the extent of alternatives, and pledging to the preferred choice. Uniformities can be found in several points as the structure follows the realization of a required action, formation of an answer, opportunity investigation and assessment of the chosen option. After 25 years, the Buygrid framework is still held as a viable model to present organizational buying (Wind & Thomas, 1996), but as Anderson et al. (2009) notify, the steps are not necessarily stationary, and some stages can be left out depending on the buying situation. Robinson et al. (1967) distinct such different types of situations as the three Buyclasses including new task, straight rebuy and modified rebuy. New tasks are completely novel purchase cases, where there is no previous buying experience or specifications (Robinson et al., 1967). Straight rebuys consist of identical purchases to former orders, while modified rebuys involve specifications adjustments and conditions of a familiar exchange (Robinson et al., 1967). However, IT



purchases are rarely straight rebuys, as they are rather complicated, and the technology develops rapidly.

### 2.3.3. The purchasing function

Company objectives and strategical views of buying vary, which can be recognized as different levels of evolution of purchasing functions. Reck and Long (1988) conducted a first significant study in the field and suggested a four-stage model, where purchasing develops from a passive to an independent, to a supportive, and, finally, to an integrative orientation. A passive function is reactive to demands from the organization; in an independent level the company has implemented a habit of adopting best practices; a supportive purchasing function supports firm strategy and reinforces competitive position; an integrative function is completely unified with firm strategy (Reck & Long, 1988). Some other researchers have studied purchasing function (Cavinato, 1991; Cousins et al., 2006) with extensions, but similar structure. Lindgreen et al. (2013) note how the perspective in purchasing has transformed from a transactional chore to a strategic point of competitive advantage over the years. Strategic purchasing and supply chain management can be a separating factor in an increasingly competitive environment (Carter and Narasimhan, 1996; Carr and Pearson, 1999). Ten-dollar saving from purchasing and costs is ten dollars to invest in something else, while a ten-dollar increase in revenue is only a two-dollar gain if the profit margin is 20 percent. It is no wonder supply chains are being managed with increasing care (Derry, 2014).

### 2.3.4. Factors affecting buying decision-making

Accordingly, purchasing performance and decision-making must be optimized, but buying centres and its individual members are influenced in various ways, which complicates objective and optimal decision-making. Esch (2012) compiles research on purchasing decision-making, presenting that important topics include (1) purchase type, (2) organization size, (3) number of individuals in the decision-making unit, (4) level of information search, (5) extensiveness of choice set, (6) perceived risk, and (7) decision-making time. In addition, relationships (Lejeune & Yakova, 2005; Esch, 2012), decision-frame, price, quality, delivery

and reliability (Stoddard & Fern, 1999, 2002) and perceived value (Woodruff, 1997; Flint et al., 2002; Battaglia et al., 2015; Töytäri, 2015a) have been found to impact purchasing decisions.

#### 2.3.4.1. Purchase types

Bunn (1993) extends the Buyclasses (Robinson et al., 1967) by studying the established decision-making processes of purchasing professionals, 'Buying Decision Approaches'. Bunn (1993) classified buying situations characteristics by purchase importance in size and impact on the business, task uncertainty as in novelty and complexity, available range of alternatives, and the perceived bargaining power of the buyer. Furthermore, four buying activities, level of information search, extent of quantitative analysis techniques, emphasis of strategic and long-term objectives, and how established procurement processes were utilized, varied per purchase (Bunn, 1993).

<b>Descriptions of Buying Decision Approaches</b>						
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Variables</b>	<b>Casual</b>	<b>Routine Low Priority</b>	<b>Simple Modified Rebuy</b>	<b>Judgmental New Task</b>	<b>Complex Modified Rebuy</b>	<b>Strategic New Task</b>
<b>Situational Characteristics</b>						
Purchase importance	Of minor importance	Somewhat important	Quite important	Quite important	Quite important	Extremely important
Task uncertainty	Little uncertainty	Moderately uncertain	Little uncertainty	Great amount of uncertainty	Little uncertainty	Moderately uncertain
Extensiveness of choice set	Much choice	Much choice	Narrow set of choices	Narrow set of choices	Much choice	Narrow set of choices
Buyer power	Little or no power	Moderate power	Moderate power	Moderate power	Strong power position	Strong power position
<b>Buying Activities</b>						
Search for information	No search made	Little effort at searching	Moderate amount of search	Moderate amount of search	High level of search	High level of search
Use of analysis techniques	No analysis performed	Moderate level of analysis	Moderate level of analysis	Moderate level of analysis	Great deal of analysis	Great deal of analysis
Proactive focus	No attention to proactive issues	Superficial consideration of proactive focus	High level of proactive focus	Moderate proactive focus	High level of proactive focus	Proactive issues dominate purchase
Procedural control	Simply transmit the order	Follow standard procedures	Follow standard procedures	Little reliance on established procedures	Follow standard procedures	Little reliance on established procedures

Figure 2. The Buying Decision Approaches and their variances in situational characteristics and buying activities (Bunn, 1993, p. 47).

Bunn presented the six Buying Decision Approaches (figure 2): Casual, Low routine priority, Simple modified rebuy, Judgmental new task, Complex modified rebuy, and Strategic new

task. Casual approach was used for low value items purchased incidentally. Routine low priority was found to be for more repetitive purchases, such as common supplies. For more strategic solutions with a narrow choice set like underground cable for electrical utilities company, Simple modified rebuy was the approach. Purchasing managers employed Judgmental new task approach with uncertain decisions with moderate strategic importance, for example novel machinery with detailed specifications. In clear situation when buyers hold power, Complex modified rebuy approach sets the ground for competitive biddings. The last approach found was Strategic new task, which is a way of conceptualising very important purchases with a narrow choice set. The taxonomy of buying approaches has gained large support with over 400 publications utilizing the categorization which clearly implies approaches used to purchase vary by situational factors. (Bunn, 1993)

However, Bunn (1993) used a methodology to find the Buying Decision Approaches from the different buying activities, and then explored the different situational characteristics linked with them. Wilson et al. (2001) examined buyers' problem-solving techniques and consequently found that the buying approach differs per situation but proposed that the method was due to utilized heuristics: buyers simplified their process by asking themselves questions starting from their previous experience with similar situations, following the magnitude of financial responsibility, leading to the complexity of the purchase circumstance. The ultimate result was still similar classification of buying procedures (Wilson et al., 2001). Buying centres must take the changing external influences into account in their decision-making and composition (Bunn, 1993; Wilson et al., 2001).

#### 2.3.4.2. The role of the decision-making unit and organization size

Dholakia et al. (1993) define the decision-making unit as the collection of individuals in making the purchasing choice, and thus corresponds to the Webster and Wind's (1972) buying centre idea. Dholakia et al. (1993) found that organization size is typically associated with the decision-making unit size and decision-making time and that larger firms tend to have bigger units as they are more structured and formalized. The decision-making unit tends to grow as decisions become larger with increased importance and uncertainty (Anderson et al., 1987; Bunn, 1993; Dholakia et al., 1993; Bunn & Shaw-Ching Liu, 1996; Lewin & Donthu, 2005). This increase in decision-making results in more cooperation

horizontally across departments, and vertically among different levels of management (Lewin & Donthu, 2005). It is apparent that as purchases become more important and influence more people inside the organization, perspectives are gathered to a greater extent and responsibilities shared more. However, the optimality of this feature can be questioned.

Sheth (1996) argues that even though a larger decision-making unit can gather more information from a diverse set of sources, bulkier group can have difficulties with conflicts from differences in values, perceptions and objectives, which in turn affect the decision-making time. Dholakia et al. (1993) join this view and state that even though people bundled from different departments deepens the skill set and technical expertise, individuals often want to emphasize their department interests, which results in a longer time to reach an agreement. Increased knowledge and perspectives can create possibly an optimal decision, to the detriment of quickness and straightforwardness.

#### 2.3.4.3. Information search and decision-making time have to be balanced

Decision-making time is the period from the realization of a need to a situation where the solution has been chosen (Dholakia et al., 1993). Interestingly, Dholakia et al. (1993) examined that insufficient and overwhelming amounts of time affected the buying decision negatively: the former with too little information search and deficient vendor range, while the latter with increased costs and in decision-makers' lost interest. Dholakia et al (1993) linked new task buying situations with less information search, assuming the decreased research to result from the use of existing relationships on the buyer side. However, there is more research that connects new purchases with extended amounts of knowledge search (Bunn, 1993; Bunn & Shaw-Ching Liu, 1996). Anderson et al. (1987) found a significant connection between the novelty of the purchase, information desired from the management and actual info searched, and lastly, the decision-making time.

#### 2.3.4.4. Perceived risk

Bauer (1960) originally presented that perceived risk, in a sense of uncertainty and the extent of negative consequences, has an effect on purchasing. Kogan and Wallach (1964)

and Bielen and Sempels (2004) argued that risk is the level of change and danger. Bunn and Shaw-Ching Liu (1996) used purchase importance, in terms of financial commitment, and task uncertainty, as a lack of required information, in addition to the inability to specify needs, how to interpret consequences and diversity of decision-maker objectives, to explain the risk in buying decisions. Dowling (1986) describes risk as a multidimensional construct, involving physical, psychological, social, financial, functional and timely aspects. Furthermore, Håkansson et al. (1976) demonstrate three kinds of customer uncertainty: inabilities addressing needs, difficulties evaluating suppliers and solutions, and uncertainty revolving around transactions. Perceived risk has received significant amounts of analysis, which highlights the severity and ambiguity of the situation.

Bielen and Sempels (2004) argue that the purchasing situation type has a strong influence on the perceived risk. This supports Bunn's (1993) findings of different levels of task uncertainty within buying situations, which can be interpreted to correspond to perceived risk comparing to her definition in later research (Bunn & Shaw-Ching Liu, 1996). Further, Bunn and Shaw-Ching Liu (1996) categorize purchasing situations with different degrees of risk: purchase support, low importance and uncertainty; frustrating situation, low importance and high uncertainty; efficiency optimization, high importance and low uncertainty; and strategic challenge, high importance and uncertainty. In addition, the goods and services exchanged influence perceived risk. Tangible products have been compared to services: intangibility and generality have been found to have a positive correlation with perceived risk (Murray & Schlater, 1990; Mitchell & Greatedorex, 1993; Mitra et al., 1999; Laroche et al., 2003). Sellers must demonstrate their products, services, and above all value, in clear terms, especially in important and complex situations to reduce the perceived risk (Anderson et al., 2009).

#### 2.3.4.5. Buyer-seller relationships

The wide range of benefits in buyer-seller relationships have been researched thoroughly (Crosby et al., 1990; Wilson, 1995; Carr & Pearson, 1999; Hogan, 2001; Biggemann & Buttle, 2005; Ulaga & Eggert, 2005; Anderson et al., 2009; Töytäri, 2015a). Lejeune and Yakova (2005) proposed a four-stage relationship model for buyer-seller relationships, which vary by decision-making process, trust, information sharing and goal congruence: (1)

communal sharing, (2) authority ranking, (3) equality matching, and (4) market pricing. According to Lejeune and Yakova (2005), in communal sharing organizations form groups and dyads, and every one of these is seen equal: there is very co-opetitive structure with deep interdependence. Within authority ranking, strict hierarchy with different rankings by for example profitability, revenue and market share is held (Lejeune & Yakova, 2005). Authority ranking relationships are coordinated with somewhat shared objectives, while relationships by equality matching expect quid pro quo, matching benefits and sacrifices (Lejeune & Yakova, 2005). Finally, Lejeune and Yakova (2005) present market pricing relations as strictly business and transactional connections. Esch (2012) found that relationships influence decision-making units and time, risk, information sources, evoked set and organization size's effects in certain situations. Moreover, Esch (2012) states that as the purchase importance grows, buyers will consider collaborative and co-opetitive suppliers more, while the communicative type of a seller will be evaluated as a worse alternative. Buyers seem to evaluate suppliers by their inherit relationship characteristics and objectives, and the persuasiveness of these aspects changes by purchasing situation (Esch, 2012).

As evident from the aforementioned and reviewed literature, B2B selling and buyer purchasing decisions offer a complex set of topics for research. As an increasing amount of selling and buying revolves around services and technology, some of the older purchasing models may need to be revised. An additional area that today seems to lack close scientific attention is the purchase refusal situation, where any of the factors explained may have contributed to a negative purchasing decision.

#### 2.4. Discussing current knowledge and presenting a conceptual framework

Value creation and capture have been explained in detail in current research (Zeithaml, 1988; Woodruff, 1997; Hogan, 2001; Flint, Woodruff and Gardial, 2002; Ulaga and Eggert, 2005), which lays the foundation for studying exchanges and relationships. While the sales process (Dubinsky, 1980; Moncrief and Marshall, 2005) and strategies (Weitz et al., 1986; Crosby et al., 1990; Terho et al., 2012) have gained notice, negative aspects of sales and failed selling activities have received less research. The vast amount of research seeks to find the bestselling strategies, yet precautionary methods and losses could educate many. Most of the time, customer ends the sales process due to dissatisfaction. Paesbrughe et

al. (2017) stated the unhappiness of buyers to many sales strategies, and further research was requested on the impact of purchasing maturity and importance of solution, and which sales strategies meet these the best.

Analysis of purchasing is profound and provides many aspects of the purpose, behaviour and nuances (Robinson et al., 1967; Webster & Wind, 1972; Bunn, 1993; Lewin & Donthu, 2005). However, research on unsuccessful purchasing is difficult to find. Wilson et al. (2001) provide a perspective how buyers frame problems. Purchasers use heuristics to guide problem-solving and tend to ask self-declarative questions before grasping the complication (Wilson et al., 2001). Yet, the real reasons and situations leading to no-decision remain unexplained. Furthermore, environmental influences mentioned in Webster and Wind's (1972) model have drawn little attention. Such things as industry regulations in the IT sector, international agreements or the legislation of trading countries could impact deals or even prevent them from happening.

Finally, research on the IT sector is scarce, concentrating heavily on the characteristics of outsourcing and influence on business processes (Groover et al., 1996; Cullen et al., 2005; Lee et al., 2009). Value creation in the IT industry can be assumed to be challenging due to its complex, technical and intangible nature, yet the little research concentrates on the economic aspects of IT (Meyronin, 2004). Furthermore, both selling and buying perspectives for IT are lacking. Rantamäki (2017) investigated enterprise resource planning finding additional stages to the seven steps of selling and enquired further research on the customer's perspective in software sales. Luzzini et al. (2014) examined organizing an IT purchase, and found four buying configurations: neutral, purchasing oriented, IT oriented and IT strategic. The drivers for purchasing were found to relate to technical maturity, IT's importance as a core competence, purchasing maturity including importance, status and total purchases (Luzzini et al., 2014).

#### 2.4.1. Reasons why buyers reject suppliers in the B2B IT sector

From the literature review it is clear that the customer perspective is critical to sales success. An extensive number of factors have an influence on the purchasing decision, but some clusters seem to iterate more strongly. Therefore, the Purchasing Refusal (figure 3)

theoretical framework consists of Insufficient perceived value, High perceived risk, Troubled relationship, and Problematic decision-making surrounded by Rules and regulations, which lead to a no-decision by the buyer.

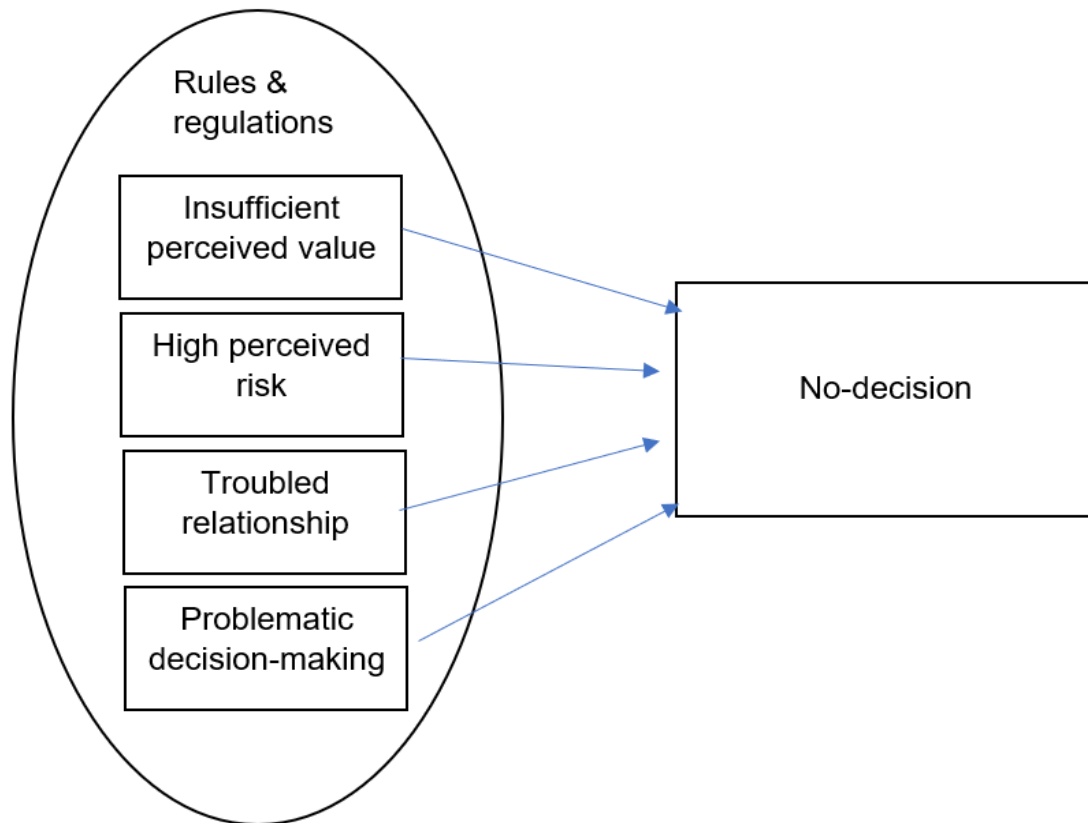


Figure 3. Purchasing Refusal framework Nieminen, (2018).

First, sellers must be able to express ways of value creation in a clear and measurable way to the customer's business (Anderson et al., 2009). This requires a high level of customer orientation and adapting both the solution and selling efforts to meet buyer's needs (Schwepker, 2003; Viio & Grönroos, 2014; Paesbrugghe et al., 2017). Secondly, high perceived risk should alienate potential customers away, whether the situation revolves around a very large deal or there is significant uncertainty (Kogan & Wallach, 1964; Bunn, 1993). Technicalities and complexities of IT solutions probably influence many perceptions of risk, as intangibility tends to do (Laroche et al., 2003; Bielen & Sempels, 2004). Thirdly, companies seek different kinds of relationships. Some expect highly collaborative and mutual connections, while others explore more transactional interactions (Ulaga & Eggert, 2005; Anderson et al., 2009). Sales organizations should understand these functions, or the exchange could not succeed. There may be personal relationship problems, too. Fourthly,



the decision-making unit can have internal problems. Organizations can implement bureaucratic terms which disable functionality, or large units with high variety of stakeholders could not come to an agreement what is the best choice (Dholakia et al., 1993; Sheth, 1996; Lewin & Donthu, 2005). Luzzini et al. (2014) discuss how IT purchases require extensive cooperation between IT and purchasing departments. Furthermore, decision-making time can push hasty decisions or extended periods decrease motivation to finish the effort (Dholakia et al., 1993). Finally, industry regulations or international decrees could complicate the selling efforts, which would influence every one of the aforementioned forces. The no-decision can be a rejection of a certain supplier or a withdrawal from purchasing completely, which results in an indirect rejection.

### 3. METHODOLOGY

The research problem is very complex and broad. Selling IT can encompass hardware, software, applications and consultative work. The varying features of these products and services are combined with a decision-making process that often requires business, technical and even legal expertise. As the understanding of the problem is limited and the objective of the research is to add information about the phenomenon, a qualitative exploratory study is conducted. Saunders et al. (2008) state that exploratory studies are suited for evaluating and clarifying a problem, while descriptive studies excel when the objective is to create portrayals of phenomena, and explanatory studies are used to demonstrate causal relationships.

To find the factors in B2B IT exchange which result in a negative buying decision, aspects from case studies were utilized. The research problem and the unsuccessful sale phenomenon were framed similarly to case studies, but no particular company or event was in the focus. Case studies have been used widely in business research (Eisenhardt, 1989; Eisenhardt & Graebner, 2007; Saunders et al., 2008; Yin, 2009). Yin (2009) states that case studies are used to examine current complex phenomena where the borders of the context and the event are hard to interpret. Case studies are especially fitting for research questions seeking answers for how and why (Yin, 2009). Furthermore, case studies are found to be useful to develop purchasing and supply chain management theory (Dubois & Araujo, 2007), as well as effective to inspect decision-making processes and their contextual factors

(Woodside & Baxter, 2013).

### 3.1. Data collection

Due to limited resources, convenience and snowball sampling were utilized to create the sample (Saunders et al., 2008). Interviewees were gathered via alumni networks, LinkedIn, Reddit and from interviewee references. Table 1 displays the formation of the sample. Insights were gathered from nine sellers and eight buyers, totalling 17 respondents. 15 interviewees were Finnish, and two international. Both sellers and buyers were interviewed to provide multitude angles and answers to the convoluted problem that may be seen differently from the respective sides. However, the sample is composed of random IT sales and purchasing specialist instead of dyads, as we are discussing the phenomenon at large rather than specific trades. The sample consists of sales professionals whose expertise and capabilities cover strategic and technical aspects, while the multinational companies they represented present a range of software, hardware and consulting products and services. The buyers hold mainly IT director positions and present mostly manufacturing companies. Two procurement professionals who consult public sector IT purchasing demonstrate a viewpoint of Finnish municipality purchasing, which increases the diversity of actor perspectives. All interviewees had a strong background in selling and purchasing, predominantly in the IT sector.

Interviewee	Job title	Experience	Industry	Revenue	Employees
Seller 1	Account Executive	15 years	Software design	10 M€	70
Seller 2	Director, Outsourcing	20 years	IT hardware & software consulting	80 M€	400
Seller 3	Sales Engineer	28 years	Hardware & storage	60 B€	140,000
Seller 4	Business Development Consultant	1 year	Online Media Intelligence	300 M€	1,600
Seller 5	IT Architect, Senior Advisor	18 years	IT wholesale & services	250 M€	300

Seller 6	CMO	23 years	Software design	2 M€	20
Seller 7	Semi-retired	24 years	Cybersecurity		
Seller 8	Systems Engineer	4 years	Hardware & storage	60 B€	140,000
Seller 9	Head of Sales Operations	3 years	Software design	2 M€	150
Buyer 1	IT Manager	10 years	Faucet manufacturing	250 M€	1,400
Buyer 2	CIO	25 years	Fiber-based solutions	2 B€	1,300
Buyer 3	Purchasing manager	5 years	CBRN solutions	10 M€	50
Buyer 4	ICT Procurement Director	13 years	Public joint purchases	5 M€	20
Buyer 5	IT manager	7 years	Software design	30 M€	250
Buyer 6	IT services & Operations lead	5 years	Lighting technology	55 M€	150
Buyer 7	Procurement manager	12 years	IT consulting	100 M€	500
Buyer 8	ICT Category Manager	10 years	Aviation & travelling	2.5 B€	4000

*Table 1.* The sample of the study which presents information of both the respondent and their employer.

Semi-structured interviews were chosen as the data collection method. Semi-structured interviews are adequate for exploratory studies to understand a phenomenon, in addition to when questions are open-ended and sophisticated (Saunders et al., 2008). The interviews ranged from 30 minutes to two-and-a-half hours, and two were conducted in English, while the rest were in Finnish. The interviews were conducted via phone, Skype and in person, and recorded for later analysis. In addition, notes were taken throughout every instance. One interviewee declined the researcher of the right to record the interview and one recording failed midway through, thus the analysis relied on the notes taken in these cases.

The structure of the interviews was similar for both sellers and buyers beginning with their set processes, moving to problems, and finally, questioning the influence of specific factors presented in the conceptual framework. However, with sales professionals, sales processes were examined, and with buyers, buying processes were the focus. In both types of interviews, the buyer perspective remained key regardless of either sales or buying process

questions to emphasize the role of purchasing and investigate its function. The researcher wanted to understand how sales professionals take buyers into consideration in their strategies and activities, and to compare the revealed reasonings.

### 3.2. Data analysis

The data was analysed with an inductive approach, as the explorative nature of the study involved a level of ambiguity. The inductive approach begins with the gathering of data and the exploration of findings to seek things to concentrate on and make generalized conclusions (Saunders et al., 2008; Yin, 2009). Inductive reasoning has been found appropriate to discover connections and relationships in data, as well as theory-building (Eisenhardt, 1989; Saunders et al., 2008).

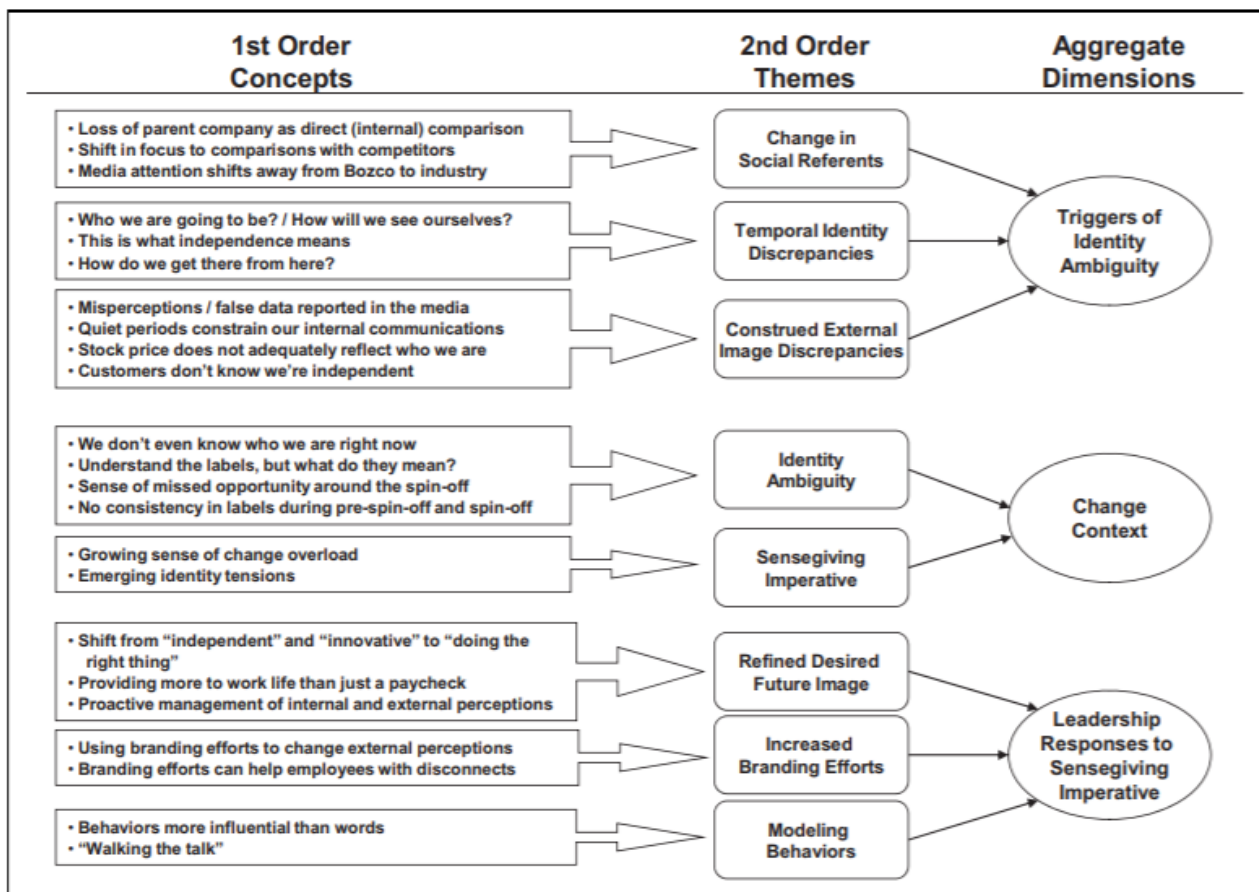


Figure 4. Coding methodology for rigour with an inductive approach. Examples from the original study. (Gioia et al., 2013).

The interviews were transcribed for a total of 123 pages of text in Finnish and 37 pages in English, and the texts were read before coding. In the analysis stage, the methodology of the Gioia study was utilized for coding due to its suitability for the inductive approach (Gioia

et al., 2013). The method is presented in figure 4, which contains examples from the original study (Gioia et al., 2013). After the initial reading, careful perusal and interpretation of the data began and 1321 interesting statements were collected. English first order concepts were organized from the Finnish statements, translated by the researcher, which reduced the number of statements to 1135. Second order themes were formed from the repeated clusters of information. Finally, aggregate dimensions were developed from the second order themes to present conclusions from the data. The researcher went back and forth from the concepts to dimensions during data analysis to ensure correct interpretation. Furthermore, the Purchasing Refusal framework was utilized as a comparison for the data and to assess the classification of aggregate dimensions.

The Analysis and findings section inspect the interview discoveries via the factors which result in a no-decision in the Purchasing Refusal framework. Finally, the findings are reflected relatively to the Purchasing Refusal framework to propose a new framework.

## 4. ANALYSIS AND FINDINGS

### 4.1. Insufficient perceived value

The value of IT products and services were mostly seen as a way to enhance efficiency and reduce costs. Buyers described mostly how IT supported their business and operations, while sellers discussed ways IT could create strategic objectives and competitive advantages. Additionally, sellers often mentioned creating value by streamlining business and helping core competencies.

Value creation was not found to be a large problem by neither sellers nor buyers. Both sides reflected on situations where value could not be created which resulted in a rejection of a supplier. These examples were mostly from the start of the initial sales process. Sellers emphasized the qualifying stages to find clients that could benefit from their offerings, but buyers had many experiences of situations where sellers were not prepared:

Seller 6: 'Problems are best avoided by doing homework and finding out

things.'

Seller 7: 'Every minute you spend on research is an hour saved when you're in front of your customer.'

Buyer 2: 'When the homework's not done it's easy to say thanks, no thanks.'

Buyer 5: 'Most of the calls "Do you have a need for this?" are so obscure that you don't want to even look at them.'

However, when buyers recognized a need for a purchase, they had difficulties analysing the need and what they were looking for. Many buyers stated they had problems defining what the situation was in the first place, especially when the call for action was provided by a business unit instead of IT. Understanding the initial demand and how to create specifications for the purchase were crucial for a successful purchase according to the buyers, and few purchases had to be shut down already in the planning phase due to obstacles related to the desired solution. Technical compatibility issues could overturn the purchase, and sometimes the coveted product or service that satisfied the need was not available in the market at all.

A continuum to understanding what was desired was to understand the purchase itself. This was found to be at least as troublesome and now sellers joined the perspective that buyers frequently had limited comprehension of what they were purchasing, how the purchase would succeed, and what its implications are. Furthermore, the scope of the investment and different kinds of dependencies on adopting a new product or service were widely recognized burdens:

Seller 3 'Customer realizes they have not demanded a certain thing and we have to go back in the buying process.'

Seller 7: 'Suborganizations' needs are not mapped out properly, so the purchase stalls or starts completely over.'

Buyer 2: 'You can be buying a certain thing, and then you forget that this purchase results in XYZ purchases.'

Buyer 3: 'There is ERP which is linked, there can be a financial management program, maybe CRM, and then we are soon changing all our IT systems.'

Buyer 8: 'We may have not understood which all business objectives are intertwined. Then the solution creates problems to other business processes.'

Many interviewees remembered public horror stories of projects where the costs had escalated tenfold. Emphasis was laid on careful planning, which could prevent many hazards later in the buying process and during the lifetime of the product or service. Here, sellers discussed their value as a trusted advisor and consultant to find the best solution for the buyer. Most of the products and services were specifically customized to the needs of the buyers. Buyers also addressed they wanted sellers to be truly interested and engaged to understand the buyer and to find a fit. Suppliers were utilized to comprehend both the need and the purchase.

Particularly, technical competence and assistance of suppliers was found to be valuable, yet often lacking. Both sellers and buyers acknowledged that sellers often had a limited understanding of how their offerings behaved or could benefit the buyers. One reason was mentioned to be the wide range of products and services the sellers offered, while the other was found to be a lack of knowledge of business or technology. Sellers expressed problems with the clear communication of value as insights had to be tailored to business and IT, respectively. Many sellers were supported by more technical professionals in their work.

When sales approached the end, pricing came into discussion. Price was explained to be a deciding factor mostly in competitive tendering, and a smaller issue if it was fairly reasonable to the solution. More problematic were the result of buyer budgets, which especially the sellers found to prevent sales. However, the role of price and the scale of value creation changed significantly in larger and enterprise sales. Some sellers had experiences with large companies that required the value of projects to be at least in tens of millions of dollars. One seller worked predominantly with a huge account and mentioned how sales often failed due to disagreements in price. Percentage points of costs could be negotiated for half a year when the margins were already 'razor thin'.

Finally, buyers were not ready to make a purchase regardless of how good the solution was if it did not fit the large picture and the time was not right. Timing was recognized to be a decisive issue from both sides:

Seller 1: 'Two years ago, one of our guys had had a meeting, it had been left then, and now it felt it was ready.'

Seller 8: 'They said, "it's a quarterly driven business" and it didn't matter anymore.'

Buyer 1: '[We make the purchase] when it comes relevant.'

Buyer 8: 'Data centres and networks are not changed every year, the time frames are really small.'

Timing issues could relate to the life cycle of current solutions buyers had, budgeting, strategic objectives, fiscal year driven results, or several other issues. Sellers recognized that when the need was small, and urgency was not built, it was unnecessary to chase the sale.

#### 4.2. High perceived risk

Risk was an interesting topic that aroused diverse perspectives. Respondents listed dozens of risks related to IT purchases from job security to currency fluctuations and to national security. However, there was a clear distinction between risks related to the degree of the potential negative impacts and risks related to uncertainty. The latter was a favourite topic especially for buyers, who expressed that different kind of uncertainty guided their decision-making heavily. Table 2 presents the number of sellers and buyers who voiced concerns about risks related to the degree of negative impact, and the corresponding numbers for uncertainty concerns.

Respondents	Degree of negative impact	Uncertainty
Sellers (9 in total)	3	5
Buyers (8 in total)	1	7

*Table 2.* The separation in perspectives between sellers and buyers regarding the degree of negative impact and uncertainty which influenced buyer decisions.

Table 2 shows how sellers were more prone to label potential negative impacts to influence buying decisions than buyers themselves, while buyers highlighted how uncertainty guided



their decision-making. Buyers viewed purchases with potential large negative outcomes as mandatory challenges rather than lost causes, in contrast to sellers, who had experiences of projects too large for smaller buyers and 'risk avoiding' buyers. Few sellers joined the viewpoint of buyers that risks just had to be managed by detailed risk and project management:

Seller 2: 'I'd see them [risks] more as a must if we want to operate in a certain sector.'

Buyer 1: 'With risk management we have to be able to do it.'

Buyer 2: 'There can be risky purchases, but they have to be done ... the projects must be built that the risks are managed as well as possible.'

Buyer 5: 'When the risks are big, so is probably the need.'

Still, buyers paid particularly close attention to purchases that could impact their business considerably. ERP systems, data privacy, and business continuity rose as important elements that required extra recognition. One buyer told that in large projects they would only consider a very limited range of suppliers for competitive tendering, and to get into that group you may have had to be 'in the company' somehow already.

Yet uncertainty, referring more specifically to supplier trust, was the main factor which led decision-making. Every buyer mentioned the capability of a supplier to deliver as a critical consideration point, which included the expertise to create the right solution, the ability to manage the timetable, and how the supplier could cope with failures. Factors that affected this evaluation comprised references, financial stability, supplier size, and certifications. Some buyers discussed long-term supplier visions and longevity, which had to match the outlook of the buyer. Some sellers united with these viewpoints, and especially smaller suppliers felt that they had much to prove to gain sales.

While buyers focused mainly on the ability to deliver and the financial shape of the supplier, sellers discussed also the personal side of trust. Still, a few buyers reflected on how seller performance had led to negative decisions:

- Seller 1: 'You trust people in the long run, no one could build trust with our systems.'
- Seller 3: 'If they know everything and could buy anything, but they feel something's up, do the things he said hold ... it culminates to the decision.'
- Seller 4: 'We build a trust on the part that the client trusts that we are selling a good product.'
- Buyer 5: 'It depends also which kind of a person is selling ... if the seller is not credible, it affects.'
- Buyer 8: 'There are cases where we thought that the supplier could deliver, but the core teams selling were weak, and the credibility of the suppliers suffered.'

In uncertain purchases suppliers could earn trust with pilots and references. Both sellers and buyers found these helpful to gain confidence in the supplier. In the public sector, references and supplier stability requirements could be set in the official tendering process to filter suppliers. Furthermore, third parties were used to evaluate offers. An objective assessment of a sale increased trust between the exchanging counterparts.

#### 4.3. Troubled relationship

Partnerships were important for the buyers. Some buyers had working connections which had lasted decades, while some smaller company buyers relied on few familiar suppliers. Previous experiences and the current supplier network buyers had directed many purchasing decisions. However, sellers did not recite many problems with existing relationships of buyers. These issues focused mainly on small suppliers with tight local networks based on social relations. Strategic partnerships were still in hopes of sellers:

- Seller 1: 'We try that the relationship becomes strategic, be the partner whom with strategic decisions are made.'
- Seller 5: 'They are really good friends and do other things together, too, and that guides supplier choices and even pricing.'

Buyer 1: 'We have 5-10 partners in IT and diverse expertise. If we can't get it from one, for example project expertise, we can get it from a current partner.'

Buyer 5: 'Even if the product wasn't that attractive ... it weighs a lot that we have so many good experiences with a supplier.'

One buyer was very concerned with partnership terms. The difference in supplier and buyer size had a significant role, in addition to the nature of the partnership. She gave numerous examples of how larger suppliers could create unfavourable conditions for relationships and listed clauses that should be taken into consideration when agreeing to a contract. Some other respondents recognised similar issues but did not have personal experiences. If the sale had advanced and work was done well before the negotiation phase started, both sellers and buyers reported very few disagreements which ultimately lead to a no-decision.

A factor which positively influenced the criticality of both existing partnerships and relationship terms was that IT solutions required large commitments. Even when the purchasing sizes were rather small, partnerships and service subscriptions lasted for an extensive period. Sellers and buyers recognized the nature of IT products and services which obligated continuous support and updates. Some offerings required extensive initial investments from both suppliers and buyers. Furthermore, integrations and connections spread to many functions created large changing costs:

Seller 1: 'They commit to the tool for a long time, that makes you think for certain.'

Seller 4: 'A big risk comes from that the customer is not satisfied after the first year, when we make losses.'

Buyer 3: 'We know that if we make a decision now, we are not going to change next year, or in five years.'

Buyer 8: 'Changing the supplier is extremely difficult and the service is integrated to us so far in many ways.'

Finally, sellers saw personal relations as more important than the buyers did. Social skills were highlighted and 'chemistries had to match' with different stakeholders. Some sellers had gained long-term friends from business and sincerely indicated that they wanted to help

their clients. One seller had a strong international orientation and explained that doing business in the Middle East was impossible without a local contact and long relationship building. Conversely, buyers did not stress personal connections. Negative occurrences with sellers were common but a general consensus was that professionalism, or changing supplier representatives at the latest, could make every partnership work. Still, few buyers gave examples of how awkward some sellers were in their approach, which had resulted in a rejection of a supplier.

#### 4.4. Problematic decision-making

Decision-making was complex in many buying organizations. IT products and services touched many parts of the buying organization. Internal stakeholders who had to be heard in the buying process could include IT, business units which utilized the solutions, finance, legal, procurement, project teams, upper management, and sometimes even the advisory board. Departments and teams had different roles, objectives, and degrees of decision-making power, which resulted in conflicts. Problems could arise from technical aspects, funding, reasons for the purchase and many more. IT and business units were described to talk different languages. Both sellers and buyers identified disagreements between IT and management which led to leaving the purchase:

Seller 3: 'IT could execute the solution, but management says that we don't invest in these projects anymore.'

Seller 7: 'There's a huge divide of them [management] and us [operational level].'

Buyer 2: 'Sometimes we just can't agree on what we are purchasing and especially why.'

Buyer 5: 'Internal cross-departmental communication and dispersion has led to not purchasing anything, as we have not reached a mutual understanding what we should purchase.'

Another aspect of decision-making which discontinued purchasing was time. Scarce amounts of time had led to many buyers to leave a purchase, and many respondents pointed out that rushed buying processes produced more problems in the long run. On the other

hand, stretched amounts of time were followed by purchasing abandonments too. Decisions that had to be circulated through different levels of the buying organization lost traction, and some proposals were left completely. Sellers revealed frustrated incidents with procurement which extended the sales process greatly, but typically no deal refusals ensued. Decision-making time in the Finnish public sector was found particularly slow by both sellers and buyers. Various regulations and the possibility of complaining about unfair competitive tendering decisions could reduce the incentive to buy entirely:

Seller 2: 'Finance can take our foundation to make an investment and the sale is delayed.'

Seller 5: 'Our offering could be an important thing but not that critical, so it is abandoned or moved.'

Buyer 3: 'If it's new business or we don't have a particular urgency to make a decision, it [purchase] can be left on the table especially if it takes a lot of work and time.'

Buyer 7: 'Here in the public sector the decision-making can be very long, we are talking months and years so [purchases] are left, definitely.'

Moreover, final decisions to make the purchase were recognized as challenging in part. Insecurity to sign a contract stemmed from large transactions and commitments, weak preparation or neglected phases in the buying process or, finally, from the reluctance to say no. The first two could result in iterations and setbacks, while sellers found the last option to cause buyers to 'disappear' and the sale to wane.

#### 4.5. Rules and regulations

Rules and regulations divided opinions. International legislation stimulated diverse discussion, and though some sellers and buyers saw them more as challenges, others had concrete examples on how they directly prevented buying. Certain data centre locations meant different laws could apply to hosts which alienated buyers. Miscellaneous documents, licenses, and their approval hindered sales. The future European Union information security legislation and data privacy laws rose as frequent topics, too:

- Seller 6: 'Exporting licenses etc. have to be obtained. We got problems if we don't get a permit, and the sale is cancelled.'
- Seller 7: 'The data centres we were using to host our product, they were in the United Kingdom ... so that wiped out huge parts of the market.'
- Buyer 2: 'When making global purchases we have to consider the local legislation fairly closely.'
- Buyer 7: 'For example, this upcoming EU information security decree puts certain purchases under consideration.'

Legislation was as a decisive buying factor in the Finnish public sector according to both sides of respondents. Finnish purchasing laws required some suppliers to be eliminated, for instance due to unpaid taxes or upper management criminal background. Wrong formats in quotes would mean deletion from the evaluation set of buyers. Furthermore, the heavy official processes and a possibility for suppliers to appeal to the Market Court of Finland, which could signify a delay of even years, decreased purchasing.

In addition, sellers and buyers answered internal regulations of organisations to influence supplier selection and purchasing outcomes. Some companies had strict ethical guidelines and codes of conduct which guided buying and selling. Some of the buying organizations had to seek management or board approvals for purchases that surpassed specific monetary limits. One buyer told he had to decline many projects due to internal rules and information security procedures. In addition, different strategic orientations, such as whether to keep systems in own infrastructure or utilize cloud services, would lead to small evaluation sets for certain purchases and direct rejections to other suppliers.

#### 4.6. Conclusion of findings and updated framework

The examination of interviews provided new detailed information on selling and purchasing in the IT industry. Some reasons for supplier rejections were related to the seller and supplier company, other factors were buyer-centric, while few were completely external to the counterparts who conduct business. Sellers had hardships to prove the superiority of their offerings and evade the denial of buyers, but many determinants designated the elimination of the whole buying process, which consequently meant supplier refusal. Sellers and buyers

had rather similar views of rejection reasons, but perspectives on risk and particularly the social aspects of collaboration had differentiation. The findings presented various alterations to the conceptual framework originally developed from general selling and purchasing literature. A new framework is formed on these premises in Figure 5.

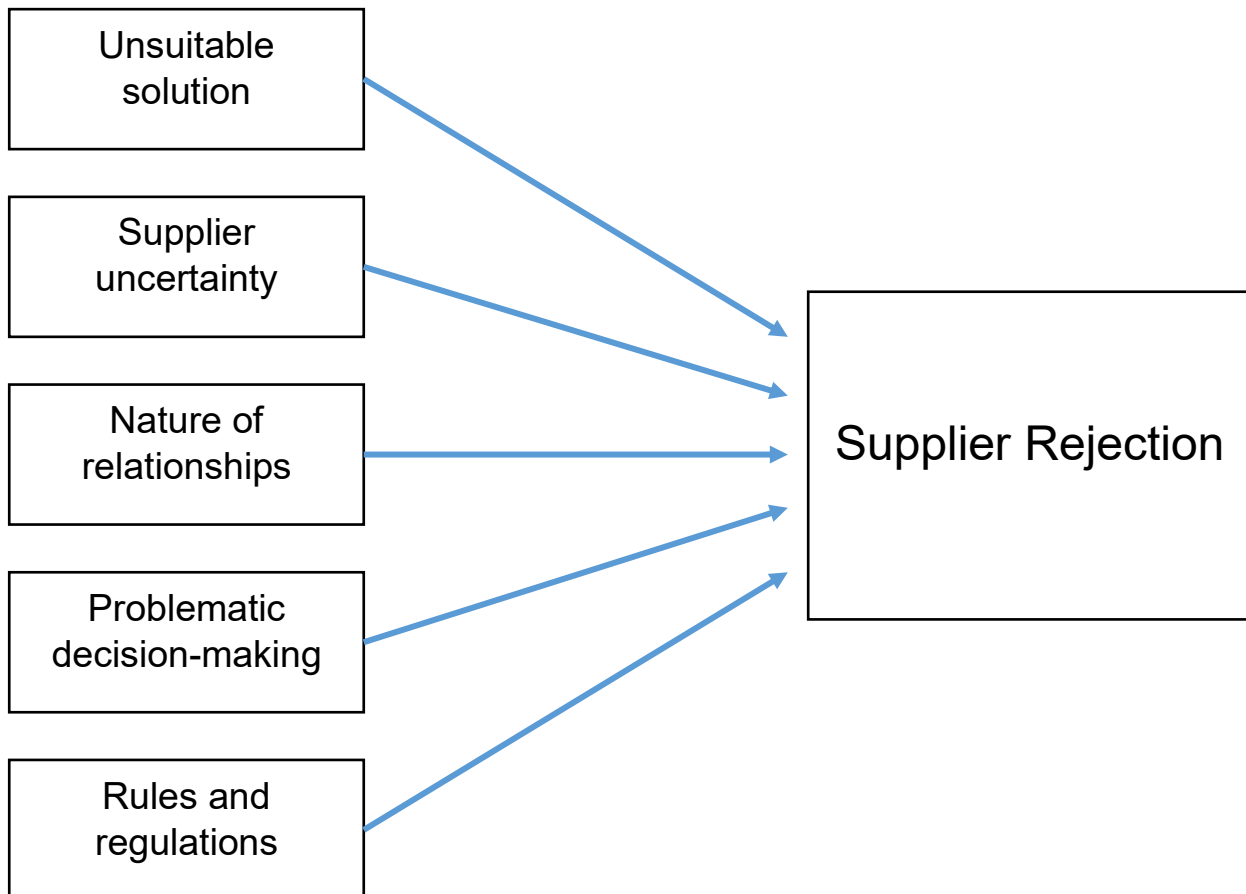


Figure 5. IT Supplier Rejection, Nieminen (2018).

The IT Supplier Rejection framework presents the factors which lead purchasers to reject suppliers in the IT sector, which involve Unsuitable solution, Supplier uncertainty, Nature of relationships, Problematic decision-making, and Rules and regulations. The differences to the original conceptual framework are a change from ‘Insufficient perceived value’ to cover solution suitability beyond value creation, ‘High perceived risk’ to highlight supplier doubt, ‘Troubled relationship’ to include all buyer relationships and their versatile aspects, and ‘Rules and regulations’ shifted to be a comparable factor instead of its initial encompassing position.

The Unsuitable solution factor demonstrates the complexity to find a product or service solution that fits the buying organization. Perceived value was seen as an integral part of

this component, and buyers must understand the reasons and dependencies of the purchase to estimate the feasibility of the solution correctly. Furthermore, the timing of the purchase had to serve the ultimate purpose of the buying organization. Thus, comprehensive suitability was a requirement which surpassed only sufficient value.

Buyers were aware of risks and had ways to manage them properly. Respondents drew examples from projects that could have resulted in multimillion-euro losses, confidential information leakage, or even dangers related to human lives, but the perceived risks had to be managed with careful risk management and contingency planning. Negative consequences could be much larger without a purchase. However, Supplier uncertainty was something mitigated best by a rejection of debatable suppliers.

The Nature of relationships were appreciated further than just rapport building or orientation. The quality of current and potential partnerships guided many purchasing decisions. Buyers looked far into the future with relationships, as most IT solutions committed all parties extensively. The terms and details for such business affairs had to be agreed upon precisely. Yet, even when suppliers established rapport and found fitting solutions, the security of existing relationships of buyers offered them overwhelming reasons to keep the status quo. Furthermore, changing costs from current suppliers were often large, which affected supplier selection.

The findings on Problematic decision-making supported the original Purchasing Refusal framework. Decision-making units found it difficult to agree on purchases. Eight different internal stakeholder groups were identified and different roles, levels of expertise, and objectives prohibited effective concurrences. In addition, the decision-making time influenced buying outcomes negatively when there was too little or too much time to debate on the purchase.

Finally, Rules and regulations within industries and organizations interfered with some purchases but did not have a comprehensive relation to other factors. International legislation had implications on cross-border trade and tightening information security regulations concerned many respondents. The Finnish public sector was found to be heavily regulated and to conduct business there, both sellers and buyers had to handle detailed processes. Organizational regulations complicated the efforts to arrive in a mutual



understanding and some business orientations prevented a serious evaluation of certain suppliers.

The study had parts which supported existing literature, yet other parts provided novel insights to unsuccessful sales and purchasing knowledge, in addition to specific aspects of exchanges in the IT sector. The views of both sellers and buyers of IT supplier rejections, and their discrepancies, were addressed extensively. The findings are now contemplated via current literature in the Discussion section.

## 5. DISCUSSION

Perceived customer value conducted decision-making particularly at the start of the buying process. Extensive amounts of literature have expressed customer value to be a decider in purchasing choices (Woodruff, 1997; Anderson et al., 2009; Grönroos & Voima, 2013; Töytäri, 2015b). Parties have to receive benefits to participate in an exchange (Anderson et al., 2009). Referred to the Customer value framework (Töytäri, 2015b), IT products and services produced mainly operational value with cost reductions and more efficient resource utilization.

In addition, the need definition and solution specification phases were pivotal for IT purchases (Robinson et al., 1967). Most of the buyers had buying processes corresponding to current literature ranging from three to seven phases, but the complexities of IT solutions made it hard for buyers to advance further than the aforementioned two stages. The need definition uncertainty resembled the findings of Håkansson et al., (1976) of customer uncertainty. IT purchases had diverse implications to many parts of the buying organizations. Both sellers and buyers emphasized that sellers had to understand the business model of buyers and communicate value concretely, two main components of value-based selling (Terho et al., 2012).

Moreover, difficulties to proceed with the buying process could be partly explained by the purchase types. IT purchases were rarely described as straight rebuys, but new tasks or modified rebuys (Robinson et al., 1967). Service models, technology developments, and project-centred purchases reflected the features of Judgmental new task, Complex modified

Rebuy, and Strategic new task Buying Decision Approaches, which convoluted buying decision-making (Bunn, 1993). Even simple rebuys had modifications at least in contract terms due to characteristics described above.

However, the timing of purchases was not addressed closely in neither selling nor purchasing literature. The start of the buying process, need recognition phase of Robinson et al. (1967), was initiated mostly by a business unit demand for enhancing operations or an update need in IT. Figure 6 presents the dimensions, factors, and variables of needs in organizational buying. Grønhaug and Venkatesh (1991) presented a comprehensive model of Factors Influencing Buying Needs in organizational buying, and the organisational influences seemed to impact IT buying needs the most. Furthermore, strategic objectives framed buying needs heavily, which are represented as goals and having an indirect effect in needs in the Factors Influencing Buying Needs model (Grønhaug & Venkatesh, 1991).

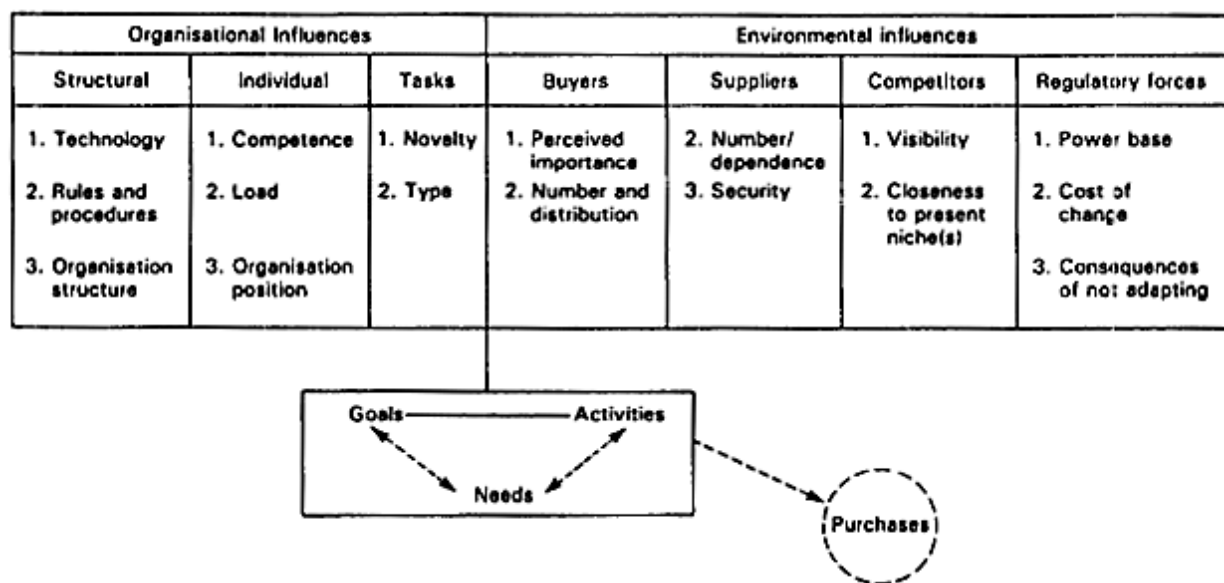


Figure 6. A Model of Factors Influencing Buying Needs in organizational buying (Grønhaug & Venkatesh, 1991).

The findings on the influence of perceived risk on buying decision-making differed partly from the existing literature. While numerous studies supported that possible high negative impacts affect buying decision-making (Bauer, 1960; Bunn, 1993; Bunn & Shaw-Ching Liu, 1996; Bielen & Sempels, 2004), the findings of this study argue that they do not have a profound influence on the ultimate supplier selection or purchase outcome. This was mainly due to the need already assessed, and the omission of purchase would likely result in worse outcomes. In addition, in these purchases supplier risks were similar, thus not a decisive

factor for supplier preference. The extent of negative consequences may still have a correlation with other buying activities, such as the degree of information search (Bunn, 1993).

Conversely, the uncertainty side of perceived risk determined many purchasing decisions as presented in previous studies (Bauer, 1960; Bunn, 1993; Bunn & Shaw-Ching Liu, 1996; Bielen & Sempels, 2004). Project and risk management skills were emphasized by the buyers to mitigate risks and advance purchases. Most of the concerns and ambiguities were possible to map and manage, but supplier uncertainty was found impossible to control without a change of supplier in many cases. The uncertainty motivators of IT buying decision-making are in line with the conclusions of Alami (2016) who argues that the determinants of IT project failure are mostly uncertainty, volatility, and unknowns. Buyers were serious to avoid these issues. Pilots and references were found to be effective to communicate supplier capability and increase trust (Anderson & Wynstra, 2010; Töytäri et al., 2011; Hervonen, 2014).

The extensive value of relationships and their nature guided supplier choices, as detailed in marketing and supply chain literature (Wilson, 1995; Bensaou, 1999; Carr & Pearson, 1999; Hogan, 2001; Anderson et al., 2009; Hald et al., 2009). Both buyers and sellers emphasized the long-term implications of IT trades, and buyers focused on the product, service, and supplier know-how benefits (Ulaga & Eggert, 2005). Other value drivers that affected the relationship evaluation were large changing costs and the opportunity cost of other partnerships, which were challenging to quantify (Blois, 2004). In addition, the relationship terms and captivity were points of importance to some buyers (Bensaou, 1999).

Sellers highlighted the importance of rapport building and relationship-orientation as selling literature suggested (Viio & Grönroos, 2014, 2016; Kaski et al., 2017). However, buyers were not inclined to emphasize the social side of exchange. Furthermore, while buyers wanted sellers to understand their specific buying situation, the narratives to adapt to their desired relationship forms were minor (Weitz et al., 1986; Crosby et al., 1990; Lejeune & Yakova, 2005; Viio & Grönroos, 2016). The purchasing function and seller approach had no implication to supplier choice (Paesbrugghe et al., 2017).

The interview data on decision-making units and time complimented the purchasing studies

previously conducted. IT purchasing relied heavily on both departmental and hierarchical cooperation (Anderson, Wujin and Weitz, 1987; Dholakia *et al.*, 1993; Lewin and Donthu, 2005). Buyers emphasized the early involvement of diverse expertise, but the increased amount of contradictory objectives and ways of communicating hindered decision-making capabilities (Dholakia *et al.*, 1993; Sheth, 1996). Both sellers and buyers stressed the importance of deep knowledge of business and technology to be able to communicate across departments effectively. Moreover, both the lack of and excessive decision-making time resulted in abandoned purchases (Dholakia *et al.*, 1993; Sheth, 1996).

Finally, the study provided novel insights of the influences of both internal and external regulation on purchasing. Organisational bureaucracy affected decision-making negatively which led to left purchases. The finding correlates with the knowledge of impacts of decision-making unit and time (Dholakia *et al.*, 1993; Sheth, 1996). Additionally, diverse international legislation and administrative regulations on IT channelled supplier selection.

The buyer and seller perspectives were quite similar despite few discrepancies. Buyers emphasized the logical implementations more when sellers trusted in human interaction and rapport. Further, the views on risk were divided. Sellers believed large negative impacts influenced purchase outcomes, but buyers disagreed and highlighted supplier uncertainty to guide decision-making.

### 5.1. Limitations of research

The main study limitations were the large scope and generalisation of findings. There are distinctive aspects to sell and purchase hardware, software, IT consulting, and other complex IT solutions. Furthermore, the context to sell basic components to sole proprietorship business is very different compared to a negotiation of an ERP project with a multibillion-euro company. The sample companies were also heavily concentrated in the Finnish markets. More international companies and businesses could have emphasized the role of legislation and regulations. In addition, some sources for the literature review were before the ecommerce era, which influenced the theoretical thought process.

## 6. CONCLUSION

### 6.1. Main Findings

The study was conducted to understand B2B IT sales better and provide perspectives to unsuccessful sales. The research questions focused on why buyers reject suppliers in the B2B IT sector, and the findings supplement previous selling and purchasing literature. Customer perceived value is not enough, but seller offerings must suit the business and existing situation of the buying organisation perfectly. Supplier uncertainty resulted in a definite supplier rejection instead of high value purchases. The holistic evaluation of current and potential relationships led buying decision-making, and this assessment was crucial due to the large commitment in IT purchases regarding both time and resources. The internal communication and decision-making of buying organisation signifies the outcome of many purchases. Both the internal and external regulations on seller and buyer businesses aggravate exchanges. Buyer and seller perspectives on the subject matter did not have significant divergences.

### 6.2. Managerial implications

Sellers should conduct research on the customer business and situation to gain an initial understanding how their offerings fit the buyer. Sales managers should emphasize effective communication around different departments and customize messages to business and technical buyer representatives. Sellers need to facilitate internal communication of the buying organisation to avoid decision-making conflicts. Customer touchpoints should help customers understand their buying needs and specifications to ensure proper advancement of the purchase. A profound expertise of both technology and business is a must. Relationships should be strived towards strategic partnerships. Buyer centres need to cooperate effectively from the start of the purchase to execute an effective buying process and finish a successful purchase.

### 6.3. Methodological implications

The Gioia methodology was found effective to analyse interview data and to utilize the inductive approach. A possibility could be to reverse the analysis process to start from Aggregate Dimensions and work to 1<sup>st</sup> Order Concepts, if existing literature provides a comprehensive foundation for examination.

LinkedIn, Reddit, and other platforms for professional discussion enabled an accessible opportunity to connect with experienced specialists to form samples. Moreover, university alumni networks could be used to reach helpful professionals.

### 6.4. Suggestions for further research

The IT Supplier Rejection framework should be studied further with quantitative methods. Hypotheses testing of the specific elements would particularise the findings of the study. Incremental research is required in specific IT branches and product categories. Furthermore, different sizes of companies and buying organizations should be investigated. Finally, the communication and decision-making between different departments regarding IT purchases would provide a meaningful problem for researchers.

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## APPENDICES

### APPENDIX A: Buyer interview template

Company:

Employees:

Revenue:

Industry:

1. What is your background in buying?
2. Describe your current career in *company*.
3. Tell me about the products and services you provide.
4. Who are involved in buying IT in your company?
5. Describe your company's typical buying process for IT products and services.
  - a. Are IT purchases mostly new tasks, modified rebuys or straight rebuys?
  - b. How much of your IT purchases are by internal demand and how much are external offers?
    - i. Differences in these purchases?
6. What is your company's purchasing function?
7. Describe what value IT products and services create for your company.
8. What kind of risks are involved in buying IT?
9. Could you characterize problems you encounter at the start of the buying process?
  - a. Have there been any surprises?
10. Could you characterize problems you encounter at the end of the buying process?
  - a. Have there been any surprises?
11. Which of these problems most often lead to ending the buying process with a certain supplier or completely?
  - a. Who makes the final call of ending the process?
12. Do you decline buying because of
  - a. Insufficient perceived value?
  - b. High perceived risk?
  - c. Relationships?

- i. Any dependence or power structure problems?
- d. Problematic internal decision-making?
- e. Rules and regulation?
  - i. Do rules and regulations influence these other factors?
- 13. What sellers could do for these problems to be solved, or better, averted?
- 14. Have you experienced sellers with false expectations? What kind?
- 15. Is there anything important you believe we have not discussed about?

## APPENDIX B: Seller interview template

Company:

Employees:

Revenue:

Industry:

1. What is your background in selling?
2. Describe your current career in *company*.
3. Describe the products and services you provide.
  - a. Are they unique or highly competed against?
  - b. Are they tangible or intangible?
4. Describe your sales process.
5. What kind of firms buy your products and services?
  - a. Who are you selling to in these companies?
  - b. How much of your revenue is inbound and how much is outbound?
6. Describe what value your products and services create and how.
  - a. Do you customize your products and services?
7. What kind of risks are involved in selling IT?
8. Could you characterize problems you encounter at the start of the selling process?
  - a. Have there been any surprises?

9. Could you characterize problems you encounter at the end of the selling process?
  - a. Have there been any surprises?
10. Which of these problems most often lead to ending the sales process?
11. Do potential customers decline buying because of
  - a. Insufficient perceived value?
  - b. High perceived risk?
  - c. Relationships?
    - i. Any dependence or power structure problems?
  - d. Problematic buying decision-making?
  - e. Rules and regulation?
12. How would you believe these problems could be solved, or better, averted?
  - a. If you imagine yourself in the position of the buyer, how would you imagine the solution would seem to them?
13. Have you experienced customers with false expectations? What kind?
14. Is there anything important you believe we have not discussed about?



